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Message Text

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ORIGIN ARA-10

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00
CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-01 INR-07
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06
OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 /098 R

DRAFTED BY ARA/AND/E - MR. ALLITTO:LEE
APPROVED BY ARA/AND/E - MR. ALLITTO
DESIRED DISTRIBUTION
L FOR SCHWEBEL, EB FOR SMITH, ARA/ECP FOR TAHER, TREASURY
---------- 055513 /15
R 180223Z DEC 76
FM SECSTATE WASHDC
TO AMEMBASSY QUITO
INFO AMCONSUL GUAYAQUIL

C O N F I D E N T I A L STATE 306719

E.O. 11652: GDS

TAGS: EINV, ENRG, PFOR, EC

SUBJECT: GOVERNMENT OF ECUADOR (GOE) - GULF OIL CORP
NEGOTIATIONS

REF: QUITO 8739

1. CONGRATULATIONS. THE GOOD NEWS IS A WELCOME RARITY
FOR ARA RIGHT NOW.

2. GULF CONTINUES TO PROVIDE THE DEPARTMENT WITH VERBATIM
COPIES OF TELEXS FROM ITS HEADQUARTERS FOR LATIN AMERICA
(CORAL GABLES) TO ITS WORLDWIDE HEADQUARTERS (PITTSBURG).
WE PLAN ON SENDING YOU SUMMARIES AND VERBATIM TEXTS TO MAKE
CERTAIN YOU HAVE EVERYTHING WE DO, AND TO KEEP THE INTER-
ESTED WASHINGTON AGENCIES INFORMED OF LATEST DEVELOPMENTS.
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3. GULF'S MEMCON OF YOUR MEETING WITH THEM ON DECEMBER 15
IS SIMILAR TO REFTEL, BUT CONTAINS THE FOLLOWING ADDITIONAL
POINTS:

A. MINISTER OF FINANCE SEVILLA TOLD THE EMBASSY THAT IF

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GULF CONSIDERED IT ABSOLUTELY ESSENTIAL TO HAVE SOME KIND OF TOKEN AGREEMENT BY THE END OF THE YEAR, SEVILLA WOULD DO HIS BEST TO EFFECT THIS, BUT HE DID NOT RECOMMEND THAT

GULF PURSUE THIS WHILE MINISTER OF NATURAL RESOURCES RENE VARGAS WAS STILL A MINISTER.

B. THE PRESENT GOE NEGOTIATING COMMISSION WILL BE DISBANDED ON COMPLETION OF ITS REPORT AND RECOMMENDATIONS FOR CONSIDERATION BY THE SUPREME COUNCIL. SEVILLA WILL BE IN CHARGE OF SUBSEQUENT MINISTERIAL-LEVEL NEGOTIATIONS. NOTE: GULF LATER HEARD FROM ANOTHER SOURCE (R. SAGASTI) THAT SEVILLA WOULD PRESIDE OVER THE NEW COMMISSION, WHICH WOULD INCLUDE VARGAS' REPLACEMENT (IF THAT HAPPY EVENT EVER EVENTUATES), THE GENERAL MANAGER OF THE ECUADOREAN STATE PETROLEUM CORPORATION (CEPE), AND THE ATTORNEY GENERAL.

C. GULF ASKED THE EMBASSY WHETHER GULF COULD CONTINUE LIFTING OIL IN JANUARY WITHOUT FEAR OF AN EMBARGO. THE EMBASSY REPLIED THAT IT HAD NOT RAISED THAT POINT WITH SEVILLA.

D. GULF MENTIONED THAT IT HAD ARRANGED FOR A MEETING WITH SEVILLA FOR DECEMBER 16, AND THE AMBASSADOR VOLUNTEERED THAT IF THAT MEETING WAS CANCELLED OR IF SEVILLA WAS UNABLE TO GIVE A CLEAR ASSURANCE ABOUT JANUARY LIFTINGS, THE AMBASSADOR WOULD CLARIFY THAT POINT WITH THE SUPREME COUNCIL IF GULF SO REQUESTED.

4. GULF TELLS US THAT THE DECEMBER 16 MEETING DID TAKE
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PLACE, AND THAT WE WILL GET THE GULF TELEX ABOUT THAT MEETING. WE WILL CABLE IT TO YOU TODAY.

5. GULF ALSO REPORTS THAT IT HAS HEARD THAT TEXACO HAS ALSO BEEN GIVEN THE ADVICE (FROM WHOM NOT MENTIONED , BUT PRESUMABLY SEVILLA) TO AVOID FURTHER NEGOTIATIONS DURING DECEMBER WHILE VARGAS IS STILL MINISTER.

6. THE INFORMATION FROM GULF PROVIDED ABOVE IS PROPRIETARY INFORMATION GIVEN US IN CONFIDENCE AND NOT FOR TRANSMISSION TO THIRD PARTIES.
KISSINGER

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NNN

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To: QUITO
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